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FOR IMMEDIATE RELEASE  
OCTOBER 19, 2004

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**U.S. REACHES SETTLEMENT WITH COLOMBIAN AIRLINE AVIANCA  
TO ENHANCE SCREENING PROCEDURES ON FLIGHTS TO U.S.**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, today announced the execution of a settlement agreement with Colombian airline Aerovias Nacionales de Colombia S.A. Avianca ("Avianca") with respect to a New York Drug Enforcement Task Force investigation into repeated seizures of heroin and cocaine from Avianca aircraft flying into John F. Kennedy International Airport.

The agreement, which settles a civil asset forfeiture action seeking forfeiture of Avianca's interests in several of its aircraft, requires Avianca to take several steps, including the retention of a private monitoring agency to oversee efforts to improve the airline's performance with respect to preventing the transport of narcotics, explosives, weapons, and other dangerous contraband on Avianca's aircraft flying into the United States.

The civil asset forfeiture Complaint, which was filed today in federal court in Manhattan, alleges that Avianca's aircraft were repeatedly used to transport narcotics into the

United States. According to the Complaint, since in or about September 1999, there have been approximately 30 seizures at JFK of narcotics that were smuggled aboard Avianca aircraft in a manner that indicates complicity of Avianca employees and/or a departure from the airline's established screening procedures. The Complaint alleges that this pattern of seizures continued even after international security procedures were tightened in the wake of the September 11th terrorist attacks, with approximately 19 narcotics seizures of cocaine and heroin - totaling more than 75 kilograms - made from Avianca aircraft flying into JFK since that time. Many of the examples cited in the Complaint involve improperly manifested luggage or luggage that was not manifested at all that was clearly placed aboard Avianca flights without going through appropriate security and screening checks.

The agreement, if approved by the District Court and the Bankruptcy Court presiding over Avianca's Chapter 11 Reorganization case, will settle the civil asset forfeiture action. Pursuant to the agreement, which was also filed in the District Court today, Avianca must, without accepting liability, undertake several steps to improve its security and screening procedures, most importantly the retention of an outside company, to be selected by the Government, to monitor and oversee Avianca's screening efforts.

The screening monitor will undertake a comprehensive study of Avianca's efforts to prevent the transport of narcotics, weapons, and/or other dangerous contraband, including its screening of baggage and cargo, with respect to all Avianca aircraft flying into the United States, and then make recommendations as to any necessary changes. The screening monitor will also monitor the loading of Avianca's flights destined for the United States for a period of two years, including one year of intensive monitoring whereby it will physically monitor the loading of baggage and cargo onto all Avianca aircraft flying to the United States. Should Avianca fail to comply with its obligations under the agreement, it could be subject to forfeiture of up to \$3 million.

In announcing the settlement agreement, Mr. KELLEY recognized Avianca's senior management for working cooperatively with the Government after being made aware of the investigation and noted that Avianca has made a firm commitment to correct any deficiencies in its security and screening procedures for the good of its passengers.

Mr. KELLEY praised the investigative efforts of the New York Drug Enforcement Task Force, an inter-agency task force comprised of the Drug Enforcement Administration, the New York State Police and the New York City Police Department, which headed the investigation. In addition, Mr. KELLEY thanked the

Department of Homeland Security for its cooperation in this matter.

Assistant United States Attorneys KEVIN R. PUVALOWSKI, SARAH E. LIGHT and BRIAN R. MICHAEL are in charge of the investigation.

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